



**Blucker, Kneer & Assoc., Ltd.**  
*Certified Public Accountants*

Norman J. Underwood, C.P.A.  
Ben L. Burgland, C.P.A.  
Teresa A. Welch, C.P.A.  
Virginia A. Love, C.P.A.

I-74 & 34 Bypass, 587 Knox Road 1860 N., Zip 61401 - P.O. Box 1464, Galesburg, Illinois 61402-1464  
Phone (309) 343-4156 - Fax (309) 343-0174

To the Mayor and Village Board  
Village of North Henderson, Illinois

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of North Henderson Illinois, as of and for the year ended May 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Village of North Henderson Illinois' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in a normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in the Village of North Henderson, Illinois' internal control to be material weaknesses:

The size of the Village administrative and accounting staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties and is not a controllable weakness. Therefore, the Council must remain involved in the financial affairs of the Village to provide oversight and review functions.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Village of North Henderson's internal control to be significant deficiencies:

The Village does not have staff with sufficient accounting knowledge needed to prepare financial statements and disclosures in accordance with the modified cash basis of accounting or to prevent, detect, and correct potential material misstatement in the financial statements. As a result, the Village relies on fiscal year auditors to prepare draft financial statements for the Village's approval and is not a controllable weakness. The Board should continue to perform a detailed review of the draft financial statements and make inquiries necessary.

This communication is intended solely for the information and use of management, the Village Board and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

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Galesburg, Illinois  
January 30, 2014